通達集團
TONGDA GROUP

TONGDA GROUP HOLDINGS LIMITED

通達集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 698)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS

	2017	2016	Change
	HK$'000	*HK$'000*	*%*
Revenue	**8,562,830**	7,825,077	9.4
Gross profit	**2,231,094**	1,885,355	18.3
Gross profit margin	***26.1%***	*24.1%*	*2.0 p.p.*
Net profit attributable to owners of the Company	**1,006,125**	1,003,996	0.2
Net profit margin	***11.7%***	*12.8%*	*-1.1 p.p.*
Earnings per share			
– Basic	**HK16.82 cents**	HK17.50 cents	-3.9
– Diluted	**HK16.03 cents**	HK16.14 cents	-0.7
Dividends per share	**HK3.8 cents**	HK3.2 cents	

The Board of Directors (the "Board") of Tongda Group Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017 (the "Year"), together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
REVENUE	*5*	**8,562,830**	7,825,077
Cost of sales		**(6,331,736)**	(5,939,722)
Gross profit		**2,231,094**	1,885,355
Other income and gains, net	*5*	**124,342**	96,962
Selling and distribution expenses		**(126,502)**	(120,832)
General and administrative expenses		**(843,589)**	(557,807)
Other operating expenses, net		**(21,863)**	(34,996)
Finance costs	*6*	**(110,621)**	(78,264)
Share of profits of associates		**–**	110
Share of profit of a jointly-controlled entity		**2,770**	6,023
PROFIT BEFORE TAX	*7*	**1,255,631**	1,196,551
Income tax expense	*8*	**(196,976)**	(176,077)
PROFIT FOR THE YEAR		**1,058,655**	1,020,474
Attributable to:			
Owners of the Company		**1,006,125**	1,003,996
Non-controlling interests		**52,530**	16,478
		1,058,655	1,020,474
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*10*		
– Basic		**HK16.82 cents**	HK17.50 cents
– Diluted		**HK16.03 cents**	HK16.14 cents

Details of the dividends are disclosed in note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**1,058,655**	1,020,474
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation	**6,812**	4,900
Income tax effect	**(1,124)**	(810)
	5,688	4,090
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations		
– subsidiaries	**51,518**	(202,158)
– associates	**–**	(124)
– jointly-controlled entity	**679**	(2,836)
Release of exchange reserve upon disposal of an associate	**–**	(139)
	52,197	(205,257)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	**57,885**	(201,167)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,116,540**	819,307
Attributable to:		
Owners of the Company	**1,064,067**	803,032
Non-controlling interests	**52,473**	16,275
	1,116,540	819,307

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,238,665**	3,287,981
Investment property		**63,807**	57,791
Prepaid land lease payments		**272,120**	208,795
Investments in associates		**134**	134
Investment in a jointly-controlled entity		**67,611**	64,162
Prepayments		**52,669**	53,635
Long term deposits		**344,751**	198,364
Loan receivables		**59,439**	1,500
Deferred tax assets		**3,703**	3,703
Total non-current assets		**5,102,899**	3,876,065
CURRENT ASSETS			
Inventories	*11*	**2,676,519**	1,739,740
Trade and bills receivables	*12*	**3,890,809**	3,361,909
Prepayments, deposits and other receivables		**514,132**	410,533
Due from a jointly-controlled entity		**18,944**	1,694
Loans to a jointly-controlled entity		**144,380**	67,288
Tax recoverable		**1,825**	1,532
Pledged deposits		**481,700**	262,150
Cash and cash equivalents		**792,494**	869,082
Total current assets		**8,520,803**	6,713,928
CURRENT LIABILITIES			
Trade and bills payables	*13*	**2,755,932**	2,156,286
Accrued liabilities and other payables		**501,454**	414,646
Interest-bearing bank and other borrowings		**2,234,998**	1,489,958
Convertible bonds		**445,838**	–
Due to a jointly-controlled entity		**211,086**	51,197
Tax payable		**231,120**	220,673
Total current liabilities		**6,380,428**	4,332,760
NET CURRENT ASSETS		**2,140,375**	2,381,168
TOTAL ASSETS LESS CURRENT LIABILITIES		**7,243,274**	6,257,233

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**1,240,301**	609,869
Convertible bonds		**–**	876,514
Due to a former non-controlling shareholder of a subsidiary		**30,034**	30,034
Deferred tax liabilities		**87,642**	74,511
Total non-current liabilities		**1,357,977**	1,590,928
Net assets		**5,885,297**	4,666,305
EQUITY			
Equity attributable to owners of the Company			
Share capital	*14*	**60,517**	57,805
Reserves		**5,773,900**	4,610,093
		5,834,417	4,667,898
Non-controlling interests		**50,880**	(1,593)
Total equity		**5,885,297**	4,666,305

NOTES

1. CORPORATE INFORMATION

Tongda Group Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, Cayman Islands.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are manufacture and sale of components of handsets, notebook computers and electrical appliances, ironware products and other electronic products. There were no significant changes in the nature of principal activities of the Company's subsidiaries during the year.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a leasehold building in Hong Kong classified as property, plant and equipment and the investment property which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2017. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

2. BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

Other than as explained below regarding the impact of Amendments to HKAS 7, the adoption of the above revised standards has had no significant financial effect on these financial statements.

(a) Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(b) Amendments to HKAS 12 clarify that an entity, when assessing whether taxable profits will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. The amendments have had no impact on the financial position or performance of the Group as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to HKFRS 12 clarify that the disclosure requirements in HKFRS 12, other than those disclosure requirements in paragraphs B10 to B16 of HKFRS 12, apply to an entity's interest in a subsidiary, a joint venture or an associate, or a portion of its interest in a joint venture or an associate that is classified as held for sale or included in a disposal group classified as held for sale. The amendments have had no impact on the Group's financial statements as the Group does not have subsidiaries classified as a disposal group held for sale as at 31 December 2017 and so no additional information is required to be disclosed.

4. OPERATING SEGMENT INFORMATION

The following tables present revenue, profit and certain assets and liabilities information for the Group's operating segments for the years ended 31 December 2017 and 2016.

	Electrical fittings		Ironware parts		Communication facilities and others		Eliminations		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**7,070,067**	6,439,335	**469,754**	524,331	**1,023,009**	861,411	**–**	–	**8,562,830**	7,825,077
Intersegment sales	**33,510**	51,504	**179,898**	162,115	**2,292**	85,369	**(215,700)**	(298,988)	**–**	–
Total	**7,103,577**	6,490,839	**649,652**	686,446	**1,025,301**	946,780	**(215,700)**	(298,988)	**8,562,830**	7,825,077
Segment results before depreciation and amortisation	**1,493,189**	1,312,540	**34,879**	11,304	**111,687**	151,210	**–**	–	**1,639,755**	1,475,054
Depreciation	**(298,005)**	(230,482)	**(42,883)**	(28,977)	**(16,566)**	(11,220)	**–**	–	**(357,454)**	(270,679)
Amortisation	**(3,660)**	(1,686)	**(3,547)**	(2,514)	**(17)**	(16)	**–**	–	**(7,224)**	(4,216)
Segment results	**1,191,524**	1,080,372	**(11,551)**	(20,187)	**95,104**	139,974	**–**	–	**1,275,077**	1,200,159
Unallocated income									**124,342**	96,962
Corporate and other unallocated expenses									**(35,937)**	(28,439)
Finance costs									**(110,621)**	(78,264)
Share of profits of associates									**–**	110
Share of profit of a jointly-controlled entity									**2,770**	6,023
Profit before tax									**1,255,631**	1,196,551
Income tax expense									**(196,976)**	(176,077)
Profit for the year									**1,058,655**	1,020,474

4. **OPERATING SEGMENT INFORMATION (continued)**

	Electrical fittings		Ironware parts		Communication facilities and others		Eliminations		Consolidated	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information:										
Impairment losses/write-down recognised in the income statement*	**(16,714)**	(1,364)	**(25,130)**	–	**(2,080)**	–	**–**	–	**(43,924)**	(1,364)
Impairment losses reversed in the income statement**	**214**	15,405	**–**	4,103	**233**	1,820	**–**	–	**447**	21,328
Capital expenditure***	**1,030,352**	965,397	**236,754**	214,023	**86,040**	35,383	**–**	–	**1,353,146**	1,214,803
Segment assets	**9,956,279**	7,806,550	**1,255,413**	839,607	**841,780**	672,591	**–**	–	**12,053,472**	9,318,748
Unallocated assets									**1,570,230**	1,271,245
Total assets									**13,623,702**	10,589,993
Segment liabilities	**2,581,866**	2,111,419	**335,050**	204,699	**340,470**	254,814	**–**	–	**3,257,386**	2,570,932
Unallocated liabilities									**4,481,019**	3,352,756
Total liabilities									**7,738,405**	5,923,688

* Included impairment of trade receivables, write-off of trade receivables, provision against inventories and impairment of an other receivable.

** Included write-back of impairment of trade receivables and provision against inventories.

*** Capital expenditure consists of additions to property, plant and equipment and prepaid land lease payments.

Geographical information

		Mainland China		Southeast Asia		Middle East		Others		Consolidated	
		2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(a)	Revenue from customers										
	Segment revenue:										
	Sales to external customers	**7,780,810**	7,265,559	**239,460**	270,184	**–**	166	**542,560**	289,168	**8,562,830**	7,825,077
(b)	Non-current assets	**4,921,614**	3,761,720	**–**	–	**–**	–	**50,398**	44,846	**4,972,012**	3,806,566

The revenue information above is based on the locations of the customers.

The non-current assets information above is based on the locations of the assets and excludes investments in associates, an investment in a jointly-controlled entity, loan receivables and deferred tax assets.

4. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

Revenues from the following customers contributed over 10% of the total sales of the Group:

	2017	2016
	HK$'000	*HK$'000*
Customer A	**2,662,449**	1,515,929
Customer B	**1,440,605**	1,693,508
Customer C	**N/A***	1,117,697
	4,103,054	4,327,134

Revenues from Customer A and Customer B were derived from sales by electrical fittings segment, including sales to a group of entities which are known to be under common control of the respective customers.

* Sales to Customer C amounted to less than 10% of the total revenue of the Group for the year.

5. REVENUE, OTHER INCOME AND GAINS, NET

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Sale of:		
Electrical fittings	**7,070,067**	6,439,335
Ironware parts	**469,754**	524,331
Communication facilities and others	**1,023,009**	861,411
	8,562,830	7,825,077
Other income and gains, net		
Bank interest income	**5,620**	3,842
Interest income from a jointly-controlled entity	**1,438**	1,694
Interest income from a loan receivable	**2,415**	–
Gross rental income	**13,592**	9,817
Sale of scrap materials	**13,997**	14,295
Government grants*	**62,761**	51,802
Fair value gain on an investment property	**5,405**	6,395
Gain on disposal of an associate	**–**	3,435
Utilities income	**10,906**	–
Others	**8,208**	5,682
	124,342	96,962

* There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

	2017 *HK$'000*	2016 *HK$'000*
Interest expenses on bank and other borrowings (including convertible bonds)	**107,737**	74,121
Less: Interest capitalised	**(3,040)**	–
	104,697	74,121
Interest expenses on discounted bills	**5,924**	4,143
	110,621	78,264

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2017 *HK$'000*	2016 *HK$'000*
Cost of inventories sold	**6,331,736**	5,939,722
Depreciation	**357,454**	270,679
Amortisation of prepaid land lease payments	**5,691**	2,699
Amortisation of prepayments	**1,533**	1,517
Research and development costs	**370,241**	162,687
Minimum lease payments under operating leases	**56,637**	61,117
Employee benefit expense (excluding directors' remuneration):		
Salaries and wages	**1,820,675**	1,555,714
Equity-settled share option expense	**8,079**	4,360
Pension scheme contributions	**76,428**	61,924
Less: Amounts included in research and development costs	**(136,429)**	(53,740)
	1,768,753	1,568,258
Loss/(gain) on disposal of items of property, plant and equipment*	**1,654**	(312)
Gain on disposal of an associate	**–**	(3,435)
Foreign exchange differences, net*	**(11,620)**	43,231
Changes in fair value of an investment property	**(5,405)**	(6,395)
Impairment of trade receivables*	**17,899**	975
Impairment of an other receivable*	**10,337**	–
Write-off of trade receivables*	**–**	389
Write-back of impairment of trade receivables*	**(447)**	(11,609)
Write-back of provision against inventories	**–**	(9,719)
Provision against inventories	**15,688**	–

* These balances are included in "Other operating expenses, net" on the face of the consolidated income statement.

7. PROFIT BEFORE TAX (continued)

Cost of inventories sold includes HK$1,873,506,000 (2016: HK$1,636,781,000) relating to staff costs, operating lease rentals of leasehold land and buildings, provision/(write-back of provision) against inventories, amortisation of prepayments and depreciation, which are also included in the respective total amounts disclosed above for each of these types of expenses.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2017	2016
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**36,721**	20,144
Overprovision in prior years	**(384)**	(218)
	36,337	19,926
Current – Elsewhere		
Charge for the year	**154,891**	172,919
Overprovision in prior years	**(6,135)**	(28,880)
	148,756	144,039
Deferred	**11,883**	12,112
Total tax charge for the year	**196,976**	176,077

9. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividends paid during the year:		
Final in respect of the financial year ended 31 December 2016 – HK3.2 cents per ordinary share (2016: final dividend of HK2.1 cents per ordinary share, in respect of the financial year ended 31 December 2015)	**194,565**	120,449
Interim – HK1.6 cents (2016: HK2.0 cents) per ordinary share	**96,828**	114,713
	291,393	235,162
Proposed final dividend:		
Final – HK3.8 cents (2016: HK3.2 cents) per ordinary share	**229,965**	184,976

The proposed final dividend of HK3.8 cents per ordinary share (2016: HK3.2 cents per ordinary share) for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 5,980,782,000 (2016: 5,736,711,000) in issue during the year, as adjusted to reflect the new shares issued and the shares repurchased during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

The calculations of basic and diluted earnings per share are based on:

	2017	2016
	HK$'000	*HK$'000*
Earnings:		
Profit for the year attributable to owners of the Company used in the basic earnings per share calculation	**1,006,125**	1,003,996
Interest on convertible bonds	**6,782**	12,286
Profit for the year attributable to owners of the Company before interest on convertible bonds	**1,012,907**	1,016,282
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,980,782**	5,736,711
Effect of dilutive potential ordinary shares arising from		
– share options	**21,239**	71,981
– convertible bonds	**318,521**	488,889
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,320,542**	6,297,581

11. INVENTORIES

	2017	2016
	HK$'000	*HK$'000*
Raw materials	**602,622**	445,259
Work in progress	**726,350**	426,385
Finished goods	**1,347,547**	868,096
	2,676,519	1,739,740

As at 31 December 2017, moulds of HK$430,710,000 (2016: HK$259,333,000) are included in the finished goods.

12. TRADE AND BILLS RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**3,654,865**	3,155,291
Impairment allowances	**(53,266)**	(35,725)
	3,601,599	3,119,566
Bills receivable	**289,210**	242,343
	3,890,809	3,361,909

It is the general policy of the Group to allow a credit period of three to six months. In addition, for certain customers with long-established relationships and good repayment histories, a longer credit period may be granted in order to maintain a good relationship. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. Trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade and bills receivables as at 31 December 2017, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**3,632,123**	3,144,711
4 to 6 months, inclusive	**212,220**	192,446
7 to 9 months, inclusive	**23,240**	21,696
10 to 12 months, inclusive	**11,821**	8,312
More than 1 year	**64,671**	30,469
	3,944,075	3,397,634
Impairment allowances	**(53,266)**	(35,725)
	3,890,809	3,361,909

13. TRADE AND BILLS PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**1,446,832**	1,388,933
Bills payable	**1,309,100**	767,353
	2,755,932	2,156,286

The trade payables are non-interest-bearing and are normally settled on terms of 60 to 90 days. An ageing analysis of the Group's trade and bills payables as at 31 December 2017, based on the invoice date, is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 3 months	**1,965,095**	1,655,346
4 to 6 months, inclusive	**753,955**	472,074
7 to 9 months, inclusive	**6,221**	7,444
10 to 12 months, inclusive	**11,117**	3,082
More than 1 year	**19,544**	18,340
	2,755,932	2,156,286

14. SHARE CAPITAL

	2017	2016
	HK$'000	*HK$'000*
Authorised:		
20,000,000,000 (2016: 20,000,000,000) ordinary shares	**200,000**	200,000
Issued and fully paid:		
6,051,725,553 (2016: 5,780,450,000) ordinary shares	**60,517**	57,805

CHAIRMAN'S STATEMENT

I am pleased to announce the annual results of Tongda Group Holdings Limited (the "Company", together with its subsidiaries, the "Group" or "Tongda Group") for the year ended 31 December 2017 (the "Year") on behalf of the board of directors of the Company (the "Board").

During the Year, handsets market in the People's Republic of China ("China" or "PRC") became more saturated and design of handsets has entered into transitional period. The upgrade and enhancement of waterproof specification have increased the Group's expenses on research and development, making it a year full of challenges and changes for the Group. Nevertheless, the Group has built a strong technology advantage through years of efforts, meeting the diversified product demand with different technologies and craftsmanship, which enable its income to increase for several years continuously.

During the Year, the total turnover surged by 9.4% to HK$8,562.8 million (2016: HK$7,825.1 million), gross profit increased by 18.3% to HK$2,231.1 million (2016: HK$1,885.4 million) and profit attributable to shareholders increased by 0.2% to HK$1,006.1 million (2016: HK$1,004.0 million). Gross profit margin is approximately 26.1% (2016: 24.1%) while net profit margin is approximately 11.7% (2016: 12.8%). The Group has always been committed in bringing fruitful returns to shareholders and has maintained a stable dividend payout record. For the Year, the Board will recommend payment of a final dividend of HK3.8 cents per share (2016: HK3.2 cents), together with the paid interim dividend of HK1.6 cents per share (2016: HK2.0 cents), the total dividend for the Year amounted to HK5.4 cents (2016: HK5.2 cents).

In view of the downturn in handsets shipments in Chinese market, and individual customers achieved strong growth in emerging markets, the Group has thus increased the development efforts and production of mid-end products to maintain high utilization rate of handsets' production capacity. There will be a significant change in handsets' function and hardware in the future, traditional metal handsets casing is harder to apply on handsets with wireless charging function and 5G Antenna configuration due to its physical limitation. Therefore, international brands have already taken the lead in using non-metal back covers with metal middle frames. In the first half of the year, the Group has already strategically developed the production capacity for back covers made of 2.5D/3D glass and maximised its lamination technology of In-Mould Lamination ("IML")/In-Mould Transfer ("IMT") developed over the past few years to achieve diversified decoration on glass back covers. The Group understands that the high unit price of 3D glass back covers may increase the cost pressure of mid-range handsets and thus it has taken the lead to launch a type of IMT uni-body casing in the middle of the year, which has a high price-performance ratio and has similar appearance and function with glass. The IMT uni-body casing was well recognised by customers and the market, the penetration rate of such design is expected to further increase in the future.

The Liquid-Silicone Rubber ("LSR"), precision insert molding and precision rubber molding parts delivered to a customer in North America, which has engaged the Group as supplier since 2016, are other growth highlights of the Group. Leveraging on the Group's years of extensive experience on processing different raw materials and manufacturing precise molds and thanks to the team who principally provides technological support to the customer, component variety, market share, products quantity and unit price have all increased significantly.

The automotive business, which has been developed over the past few years, is also expected to enter into a period of rapid development. By continuously leveraging on the advantages of its IML/IMT technology and surface treatment craftsmanship, the Group has currently secured over 20 projects which will commence production successively in the next two years. It is expected that such business will contribute more income to the Group and become another growth highlight in the future.

As for the Group's management, apart from further enhancement of automatic production, many bases of the Group have also further ramped up its automation of information during the Year so as to further enhance its standard and efficiency in project development, production, quality management, balance between demand and supply, sales risks, etc.

APPRECIATION

The Group would not have achieved such an outstanding performance during the Year without the dedicated efforts of all the staff and the management team during the past year. On behalf of the Board, I would like to take this opportunity to express gratitude towards the dedicated effort and valuable contribution of the management and all the staff of the Group during the past year. In the new year, the direction of handsets casing design would be clearer. We would also actively seize the opportunities of high-precision components. Let's get back to our initial intention and use the technology and craftsmanship that we are proud of to face the changes in the market calmly and seek opportunities amidst crises.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As the world's leading solutions provider of high-precision components for smart mobile communications and consumer electronic products, the Group's products are mainly applied in handsets, electrical appliances, notebook computers and automotives, etc. In order to enhance core competitiveness, the Group has always been committed to product innovation and technological research. The Group maintained its income growth trend for several years and increased by 9.4% to HK$8,562.8 million during the Year. Net profit attributable to the owners of the Company increased by 0.2% from HK$1,004.0 million to approximately HK$1,006.1 million during the Year.

Electrical Fittings Division

This division mainly focuses on the design and production of consumer electronic products, including casings and components for handsets, electrical appliances and notebook computers. During the Year, its revenue increased by 9.8% from HK$6,439.3 million in 2016 to approximately HK$7,070.1 million, representing 82.6% of the total turnover of the Group.

Handsets

Handsets business increased by 10.1% to HK$5,911.3 million during the Year, representing 69.0% of the total turnover. The production volume of the main products of this division, including metal casing, metal middle frames, In-Mould Transfer ("IMT") uni-body casing, back covers made of 2.5D/3D glass, waterproof/dustproof/shockproof precision components, precision injection parts and precision rubber molding parts, have all recorded an increase.

Although the handsets shipment volume in the Chinese market has dropped during the Year, individual brands recorded significant growth during the Year by enhancing their promotional efforts in foreign markets and focusing on launching mid-range handsets with high price-performance ratio. In view of such trend, the Group adjusted its product portfolio and focused on metal casings that have a high price-performance ratio, large shipment volume and simplified design to seize market share. However, due to the simple design, the average unit price dropped slightly during the Year, which partly offset the growth in shipment volume.

In order to match with the physical demand for wireless charging and the 5G Antenna configuration in the future, handsets casings have also gradually turned from traditional metal casings to metal middle frames with non-metal back covers, such as glass and plastic, during the Year. The Group strategically developed its production capacity, possessed the treatment technology and production capacity for one-stop production of glass back covers and realized small-scale mass production during the Year. Moreover, the Group realized that some customers are more willing to adopt IMT uni-body casing that has a high price-performance ratio with similar appearance and function to glass. The Group has taken the lead to become the pioneer to supply IMT uni-body casing during the Year.

The Waterproof, dustproof and shockproof and high-precision components business enlarged its production rapidly during the Year. In the first half of the year, the Group has finished the research and development of new products and personnel training. The mass production of these parts for customers has started in the second half of the year. Its products include liquid-silicone rubber ("LSR"), precision insert molding parts and precision rubber molding parts. As the variety, volume and difficulty of the components for new models have all significantly increased, income contribution per handset has also increased correspondingly.

Electrical Appliances

The sales of the electrical appliances business represented 6.8% of the turnover, and its revenue decreased by 3.5% to HK$578.3 million during the Year. The Group mainly focuses on offering casings and panels with trendy designs for high-end household appliances such as air-conditioners, refrigerators, washing machines and rice-cookers, as well as printing film switches for the panels.

Notebook Computers

During the Year, this business mainly involved the production of notebook and tablet casings made of precision metal and plastics. Its revenue increased by 23.8% from HK$468.9 million to HK$580.5 million, representing 6.8% of the turnover. The Group has spun off its notebook and tablet casings manufacturing business, which was listed on the Main Board of The Stock Exchange of Hong Kong Limited, on 16 March 2018, so as to concentrate resources on its development of handset-related core businesses. Upon completion of the spin-off, the Group would no longer be involved in the computer hardware business.

Ironware Parts Division

Revenue of this division in the Year decreased by 10.4% from HK$524.3 million in the Year to HK$469.7 million, representing 5.5% of the turnover. Its main products include metal set top boxes and metal components for household appliances.

Communication Facilities and Other Business

Revenue of the communication facilities division of the Group increased by 18.8% from HK$861.4 million in 2016 to HK$1,023.0 million during the Year, representing 11.9% of the turnover. Products of this business mainly include digital satellite TV receivers, durable household goods, sports equipment and automotives. In order to realize the synergy effects brought about by the IML technology and surface treatment craftsmanship, the automotive business, for which the Group had laid a foundation several years ago, continued its growth during the Year. Currently, it is negotiating with nine customers for over 20 projects, which highlighted another development milestone for the Group in the future.

Percentage of total sales income by types of product for the year ended 31 December 2017 and a comparison with 2016 are as follows:

	2017	2016
Electrical Fittings Division	**83%**	82%
i. Handsets	**69%**	68%
ii. Electrical Appliances	**7%**	8%
iii. Notebook Computers	**7%**	6%
Ironware Parts Division	**5%**	7%
Communication Facilities and Other Business	**12%**	11%

Business Prospects

Handsets will remain as the main highlight of growth as the Group will seek to further enlarge its market share. The demand for main metal components will keep rising in the future. With the rising popularity of wireless charging and the introduction of 5G handsets, mid-to high-end handsets will upgrade to the design of back covers made of 2.5D/3D glass with metal middle frame while mid-range handsets will adopt IMT casing that has a high price-performance ratio with a similar appearance to glass. The Group has over 10 years of expertise in film printing, customized mold production and surface decorating technology such as IMT and IML. Its leading technology will bring along stronger competitive advantages to the Group.

As for the waterproof, dustproof and shockproof and precision components, in view of the strong demand from customers and the full operation of the new plant in 2017, the Group has commenced setting up an additional plant during the second half of 2017 which is expected to be put into operation in mid-2018. The Group will strive to provide more precision parts and waterproof, dustproof and shockproof parts of handsets and other electronic products to the customers. To achieve this, the Group closely cooperates with the customer by establishing professional teams, specifically in market development and technological support in the North American region.

Automotive business is also a long-term development direction of the Group. Current research and development projects will gradually kick off mass production in the next two years. The Group will actively approach local and joint-venture automotive brands and strive to acquire more customers and orders so as to increase market share. At the same time, the Group will continue to leverage the advantages of its core In-Mould Lamination technologies and surface treatment craftsmanship, and explore other potential businesses, in order to optimize the synergy effects.

The Group has over 30 years of experience in handling surface decorating craftsmanship of different materials. Diversified processing craftsmanship and customized precision mold enable the Group to face the upgrade and changes in materials, decoration and product variety in the market more effectively. In the new year, through enhancing production efficiency of the Company by further improving our leading technology and craftsmanship, the Group will lay the foundation to adapt to the changing market and face the new challenges in the future.

FINANCIAL REVIEW

For the Year, the Group's total revenue reached HK$8,562.8 million, representing an increase of HK$737.7 million, or 9.4%, compared with the year ended 31 December 2016. The handset segment continued to dominate over other segments. Among the top 5 customers, handset customers contributed 54.0% in the Year, which is lower than 64.7% in 2016.

Gross profit of HK$2,231.1 million was HK$345.7 million, or 18.3% higher than 2016. Gross profit margin was 26.1%, representing 2.0 percentage points higher than the corresponding period of last year. Profit attributable to owners of the Company amounted to HK$1,006.1 million, representing a rise of 0.2% from HK$1,004.0 million reported in the corresponding period of 2016. The selling and distribution expenses increased by HK$5.7 million mainly attributable to the increase in freight and travelling expenses. The administrative expenses was increased by HK$285.8 million mainly due to the increase in research and development ("R&D") expenses and salaries. The increase in R&D expenses was attributable to the continuous investment in R&D projects and further business development. Compared with 2016, other operating expenses, net decreased by HK$13.1 million, mainly attributable to the increase in impairment of trade receivables and an other receivable and partially offset by exchange gains resulted from appreciation of RMB.

Basic earnings per share amounted to HK16.82 cents, down 3.9% from HK17.50 cents for 2016.

As for tax, the Group's major operating subsidiaries fall under different tax regimes in Hong Kong and the PRC where different laws and regulations, and specific concessionary incentives apply for some specific locations. During the Year, one of the major subsidiaries is awarded as a High New Technology Enterprise and is subjected to a preferential tax rate of 15%, other than this, there have been no major changes in these taxation laws and regulations which have impacted tax expenses for the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group had a solid financial position and continued to maintain a strong and steady cash inflow from operating activities. During the Year, the Group's primary sources of funding included cash generated from operating activities and the credit facilities provided by the Group's principal banks.

As at 31 December 2017, the Group had cash and cash equivalents and pledged deposits of HK$1,274.2 million (31 December 2016: HK$1,131.2 million), and without holding any structural investment contract, of which approximately HK$481.7 million (31 December 2016: HK$262.2 million) has been pledged to banks as security for trade financing. As at 31 December 2017, the Group had total assets of HK$13,623.7 million (31 December 2016: HK$10,590.0 million), net current assets of HK$2,140.4 million (31 December 2016: HK$2,381.2 million) and equity of HK$5,885.3 million (31 December 2016: HK$4,666.3 million). Management believes that the Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy its current operational requirements.

GEARING RATIO AND INDEBTEDNESS

As at 31 December 2017, the gearing ratio of the Group (consolidated net debt/total equity) was 45.0% (31 December 2016: 39.5%). As at 31 December 2017, other than the non-current portion of bank loans of HK$1,240.3 million (31 December 2016: bank loans of HK$609.9 million and convertible bonds of HK$876.5 million), the Group had bank and other borrowings of HK$2,235.0 million and convertible bonds of HK$445.8 million (31 December 2016: bank loans of HK$1,490.0 million) which will be repayable within one year from the end of the reporting period.

CAPITAL EXPENDITURE

The Group incurred capital expenditure of HK$1,353.1 million during the year ended 31 December 2017 (31 December 2016: HK$1,214.8 million), mainly for the additions of property, plant and equipment for expansion of its capacity in handset segment. Management believes that the Group's ability to invest in capital expenditure in timely anticipation of demand is a competitive advantage of the Group. In the foreseeable future, a higher proportion of capital expenditure will likely be focused on the handset segments. Capital expenditures are generally funded by internal resources and credit facilities.

FOREIGN EXCHANGE

Given our operations and presence become more international, the Group faces foreign exchange exposure including transaction and translation exposure. As far as possible, the Group aims to achieve natural hedging by investing and borrowing in the functional currencies. Where a natural hedge is not possible, the Group will mitigate foreign exchange risks via appropriate foreign exchange contracts. The Group has not entered nor will it enter into any derivative transactions for speculative trading purposes at 31 December 2017.

CHARGES ON GROUP ASSETS

Apart from bank deposits amounting to HK$481.7 million (31 December 2016: HK$262.2 million) that were pledged to banks and a leasehold building in Hong Kong with a carrying value amount of HK$50.2 million (31 December 2016: HK$44.5 million) mortgaged by the Group as at 31 December 2017, no other assets of the Group were charged to any financial institutions.

EMPLOYEE INFORMATION

As at 31 December 2017, the Group employed a total of approximately 18,000 permanent employees (31 December 2016: approximately 18,000 employees). Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. Management regularly reviews the Group's remuneration policy and appraises the work performance of its staff. Employee remuneration includes salaries, allowances, bonuses, social insurance and mandatory pension fund contribution. As required by the relevant regulations in the PRC, the Group participates in the social insurance schemes operated by the relevant local government authorities. The Group also participates in the mandatory pension fund, labour pension and mandatory provident fund schemes for our employees in Hong Kong, Taiwan and Singapore respectively.

Past Performance and Forward Looking Statements

The performance and the results of operation of the Group as set out in this final results announcement are historical in nature and past performance is not a guarantee of future performance. This final results announcement may contain certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the directors of the Company (the "Director(s)"), employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this final results announcement of the Company; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

DIVIDENDS

The Company will consider the declaration of dividends based on its earnings, financial position, debt repayment requirements, capital expenditure plans, medium to long-term business strategies and other factors as the Board may deem appropriate. The Board may also from time to time pay to shareholders of the Company (the "Shareholder(s)") such interim dividends to be justified by the profit of the Company and may recommend final dividends for approval by the Shareholders in its annual general meetings. For the year ended 31 December 2017, an interim dividend of HK1.6 cents per ordinary share for the six months ended 30 June 2017 (2016: HK2.0 cents per ordinary share) was paid to the Shareholders. The Board has declared a final dividend of HK3.8 cents (2016: HK3.2 cents) per ordinary share in respect of the year ended 31 December 2017. This proposed final dividend together with the interim dividend already paid amount to total dividends of HK5.4 cents (2016: HK5.2 cents), an unchanged payout ratio of about 32% of the profit attributable to owners of the Company for the year ended 31 December 2017. Subject to the Shareholders' approval at the forthcoming annual general meeting to be held on 25 May 2018, the said final dividend will be payable to the Shareholders, whose names appear on the register of members of the Company on 6 June 2018. Payment will be made on or about 15 June 2018.

MAJOR CUSTOMERS AND SUPPLIERS

As at 31 December 2017, (i) the Group's largest customer and five largest customers accounted for approximately 31.1% and 64.6% respectively of the Group's total revenue; and (ii) the Group's largest supplier and five largest suppliers accounted for approximately 9.2% and 19.7% respectively of the Group's total purchases (not including purchases of items which are of a capital nature).

As far as the Directors are aware, none of the Directors, their associates or any Shareholders who owned more than 5% of the Company's share capital had any interest in the five largest customers or suppliers of the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with all code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") of the Stock Exchange throughout 2017 with certain deviations as mentioned below:

The Company has three independent non-executive Directors, namely Dr. Yu Sun Say, *GBM, GBS, SBS, JP*, Mr. Cheung Wah Fung, Christopher, *SBS, JP* and Mr. Ting Leung Huel Stephen respectively.

The three independent non-executive Directors are not appointed for a fixed term of office, but they are subject to the retirement by rotation and re-election of Directors in accordance with the Articles of Association of the Company, which require one-third of the Directors in office to retire from office by rotation and re-election at each annual general meeting. According to A.4.1 of the CG Code, it requires that all non-executive directors should be appointed for a specific term, subject to re-election. Since their respective appointment will be reviewed when they are due for re-election, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than those set out in the CG Code.

According to A.2.1 of the CG Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. The Company does not have a separate chairman and chief executive officer and Mr. Wang Ya Nan currently holds both positions. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. In addition, vesting the roles of both chairman and chief executive officer in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. The balance of power is further ensured by the following reasons:

– Audit Committee (the "AC") is comprised exclusively of all independent non-executive Directors; and

– The independent non-executive Directors have free and direct access to the Company's external auditors and independent professional advisers when considered necessary.

The Board believes that the present structure is considered to be appropriate under the current size of operation, enabling the Company to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Wang Ya Nan, and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

AUDIT COMMITTEE

The Audit Committee comprises all independent non-executive Directors, Mr. Ting Leung Huel Stephen, Mr. Cheung Wah Fung, Christopher and Dr. Yu Sun Say. Mr. Ting takes the chair of the AC. The term of reference of the AC are aligned with the recommendations as set out in "A Guide for Effective Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants and the code provisions as set out in the CG Code. The AC provides accounting and financial advices and recommendations to the Board as well as monitor and safeguard the independence of external auditors and relevant auditing matters. In addition, the AC is responsible to review and supervise the risk management and internal control systems of the Group and transactions with connected persons (if any).

The Group's unaudited interim results for the six months ended 30 June 2017 and annual results for the year ended 31 December 2017 have been reviewed by the AC which was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The Audit Committee has also reviewed the effectiveness of the risk management and the internal control systems of the Company and considers the risk management and internal control systems to be effective and adequate.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2017, the Company repurchased a total of 59,680,000 shares of the Company on the Stock Exchange for enhancing the net asset value and earnings per share of the Company. All the repurchased shares were cancelled. Details of the repurchases of shares are as follows:

Month	**Number of shares repurchased**	**Purchase price per share**		**Aggregate purchase price (excluding expenses)**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
May	31,220,000	2.46	2.23	72,961,900
June	28,460,000	2.10	1.97	57,805,900
	59,680,000			130,767,800

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2017.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code") as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiries of the Directors, the Directors have complied with the required standard set out in the Model Code throughout the accounting period covered by the annual report for the year ended 31 December 2017 of the Company.

AUDITORS

Ernst & Young will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

PUBLICATION OF FINAL RESULTS

This announcement will be published on the websites of the Stock Exchange and the Company.

The annual report of the Company for the financial year ended 31 December 2017 containing all the information required by appendix 16 to the Listing Rules and other applicable laws and regulations will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK3.8 cents per share for the year ended 31 December 2017. The proposed final dividend will be paid to the Shareholders whose names appear on the register of members of the Company as at the close of business on 6 June 2018, if the proposal is approved by the Shareholders at the forthcoming annual general meeting of the Company. It is expected that the final dividend will be paid on or about 15 June 2018.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "Annual General Meeting") will be held on 25 May 2018. A notice convening the Annual General Meeting will be published on the websites of the Stock Exchange and the Company and despatched to the Shareholders on or before 23 April 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4 June 2018 to 6 June 2018 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend for the year ended 31 December 2017, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on 1 June 2018.

APPRECIATION

Lastly, I would like to thank all the staff and the management team for their hard work in the past year. I would also like to express heartfelt gratitude to all of our customers and suppliers on behalf of the Group, and wish for their continuous supports in the future. We will keep working closely with our shareholders and employees to steer the Group to a more modernised and sophisticated level of operation, through which we aspire to turn to a new chapter in the Group's development.

By Order of the Board
Tongda Group Holdings Limited
Wang Ya Nan
Chairman

Hong Kong, 19 March 2018

As at the date of this announcement, the Board comprises Mr. Wang Ya Nan, Mr. Wang Ya Hua, Mr. Wong Ah Yeung, Mr. Choi Wai Sang and Mr. Wang Ming Che as executive Directors; Mr. Wong Ah Yu as non-executive Director; and Dr. Yu Sun Say, GBM, GBS, SBS, JP, Mr. Cheung Wah Fung, Christopher, SBS, JP and Mr. Ting Leung Huel Stephen as independent non-executive Directors.